

## Message Text

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ORIGIN L-03

INFO OCT-01 ARA-10 ISO-00 EB-08 SSO-00 XMB-02 OPIC-03  
PA-01 PRS-01 INRE-00 NSCE-00 USIE-00 SOE-02  
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 DOE-11 H-01  
INR-07 INT-05 NSAE-00 OMB-01 PM-05 OES-07 SP-02  
SS-15 STR-06 TRSE-00 ACDA-12 /109 R

DRAFTED BY L:SMSCHWEBEL:LAH  
APPROVED BY ARA:RGARELLANO  
ARA/ECP - MR. ROGERS  
ARA/AND - MR. SERGEANT  
EB/IFD/OIA - MR. KAUZLARICH  
-----126719 250056Z /75  
O 250016Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 019438

E.O. 11652: GDS

TAGS: ENRG, PFOR, VE

SUBJECT: OIL COMPANY PROBLEMS

REFS: (A) STATE 306831, (B) CARACAS 208, (C) CARACAS 347,  
(D) CARACAS 284, (E) CARACAS 286, (F) STATE 298438

1. GREATLY APPRECIATE REPORTS FROM EMBASSY, PARTICULARLY  
OF AMBASSADOR'S EXCHANGE WITH FINANCE MINISTER (REFTEL B).  
WE LOOK FORWARD TO RECEIVING REPORT OF AMBASSADOR'S  
MEETING WITH PRESIDENT PEREZ PURSUANT TO REFTEL A.

2. GULF INFORMED DEPT JANUARY 16 THAT IT HAS RECEIVED  
AN OFFER OF 13 MILLION DOLLARS FOR DEDUCTIONS FOR  
RESTORATION AND REPLACEMENT OF ASSETS. IT WILL ACCEPT  
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THIS OFFER, REQUESTING, HOWEVER, THAT GOV NOW RELEASE  
REMAINDER OF ITS HOLDINGS IN THE GUARANTY FUND WITHOUT  
AWAITING DISPOSITION OF BACK TAX CLAIMS AND COMPTROLLER  
GENERAL'S CLAIMS. GULF IS MOST APPRECIATIVE OF USG  
REPRESENTATIONS ON COMPANY DIFFERENCES WITH GOV AND  
BELIEVES THAT, IN GULF'S CASE, THOSE EFFORTS HAVE BROUGHT  
ABOUT REDUCTION OF 10 MILLION DOLLARS IN ASSETS

DEDUCTIONS. EXXON ALSO RENDERED A POSITIVE REPORT TO DEPT IN CONVERSATION WITH DEPUTY ASSISTANT SECRETARY ARELLANO ON JANUARY 24.

3. IN AMBASSADOR'S PRESENTATION TO PRESIDENT PEREZ, WE SUGGEST FOLLOWING REFINEMENTS IN REFTEL (A) DUE TO SUBSEQUENT DEVELOPMENTS:

(A) RE CLAIMS FOR RESTORATION AND REPLACEMENT OF ASSETS, LAST SENTENCE SHOULD BE RECAST ON FOLLOWING LINES:  
QUOTE: THE USG IS GRATIFIED TO KNOW THAT THE GOV HAS VERY RECENTLY CONCLUDED A RE-EXAMINATION OF PROPOSED REDUCTIONS FOR RESTORATION AND REPLACEMENT OF ASSETS ON THE BASIS OF NEW CRITERIA, WHICH PROMISES TO LEAD GULF OIL TO ACCEPT A RESOLUTION OF CLAIMS IN THIS SPHERE AND HOPEFULLY WILL BE AS PRODUCTIVE IN OTHER CASES.  
UNQUOTE.

(B) IF, PER PARA 5 OF REFTEL B, IT IS SUGGESTED THAT, IN UNITED STATES, THE EXECUTIVE BRANCH COULD NOT FORMALLY SUBMIT TO THE TAX AND OTHER COURTS, INCLUDING SUPREME COURT, VIEWS OF EXECUTIVE BRANCH IN OPPOSITION TO THOSE OF COMPTROLLER GENERAL (GAO), YOU SHOULD CORRECT THIS IMPRESSION. US ATTORNEY GENERAL IS ENTITLED FORMALLY TO OPPOSE COURT CLAIMS OF GAO. FYI: WE THINK WORTH MENTIONING TO THE PRESIDENT THE DESIRABILITY OF FORMAL GOV INTERPOSITION AGAINST THE COMPTROLLER GENERAL'S  
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CLAIMS AT AN APPROPRIATE STAGE, SINCE WHAT THE COMPANIES MAINTAIN ABOUT THE AUTHORITY OF THE EXECUTIVE BRANCH TO DO THIS DOES NOT ACCORD WITH FINANCE MINISTER'S REPLY. END FYI.

(C) WE ARE PLEASED THAT THOSE US OIL COMPANIES DESIRING TO PLAY A CONTINUING ROLE IN VENEZUELA ARE MAKING PROGRESS TOWARD NEW TECHNICAL SERVICE CONTRACTS. WE HOPE THAT MUTUALLY ACCEPTABLE CONTRACTS WILL BE CONCLUDED WITHOUT UNDUE DELAY. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, ASSETS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Reference:** 78 STATE 306831, 78 CARACAS 208, 78 CARACAS 347, 78 CARACAS 284, 78 CARACAS 286, 78 STATE 298438  
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**TAGS:** ENRG, PFOR, EINV, VE, US  
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**Type:** TE  
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**Review Markings:**  
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